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OF THE UNITED STATES

OCTOBER TERM, 1915.

No. 80

OSHEN MANUFACTURING COMPANY,
Petitioner,
vs.
UBERT A. MYERS MANUFACTURING COMPANY and HUBERT A. MYERS,
Respondents.

Reply Brief for Petitioner.

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SUPREME COURT OF THE UNITED STATES
October Term, 1915.
No. 331.

GOSHEN MANUFACTURING COMPANY,
Petitioner,
vs.
HUBERT A. MYERS MANUFACTURING COMPANY and HUBERT A. MYERS,
Respondents.

In Equity.

REPLY BRIEF ON BEHALF OF PETITIONER.

Plaintiff-Petitioner must protest against the statements in the Brief Against the Petition, filed by the respondent, as unwarranted by the record and contrary to the facts.

It may be that the Hubert A. Myers Manufacturing Company has attempted to dispose of its assets, but it is believed that it cannot escape the responsibility for its wrongful acts. That, of course, will be matter for the petitioner to investigate and can only be investigated by it when it has a decree for damages. It is of interest to know that the members of the Commercial Committee of Warsaw, Indiana, are in some measure responsible, but that fact in no way appears from the record in the case. There is no evidence of any such matters.

The record in the case shows:

(1) The organization of the defendant-respondent company by Hubert A. Myers.

(2) The manufacture by it of the structure which is clearly an infringement of the patent in

suit, of which patent Hubert A. Myers was assignor.

(3) A notice of infringement to Hubert A. Myers and the Hubert A. Myers Manufacturing Company, which notice of the claim of infringement was made public by insertion in local newspapers on October 22, 1909 (see R. p. 95, Myers deposition).

(4) No attention was given to said notice and no reply was made by either defendant.

(5) The only response was Peterson's oral statement that the company was "practically dead." Mr. Peterson stated to Mr. Boyer some time in the winter of 1909-10, in January or February, that the defendant company "was practically dead as far as the manufacturing was concerned" (R. p. 109, answer to Q. 23). Boyer, however, said (R. p. 82, answer to XQ. 48) that "Mr. Peterson said he was entirely out of it" and "I might say the statement that he was entirely out of it made an impression so that I remembered it as I congratulated him on his good fortune."

(6) The Hubert A. Myers Company was not dead but had turned its plant over to Dietrich who was operating the plant when Mr. Peterson was making the above statement. See R. p. 106, last paragraph of Peterson's deposition:

> "However, to save trouble and a suit with Mr. Dietrich, with whom we had made a contract to deliver the aforesaid cars, **we gave him** the use of the shop and all the parts and unfinished cars, amounting to about 200, which he made up himself and shipped during the winter of 1909 and 1910."

Dietrich was the principal agent of defendant company. He had no rights. Defendant could give him no rights, as it had done.

(7) Defendant-respondent was trying to dispose of the business in the meantime, as appears from said Peterson's deposition, R. p. 106-7:

> "A number of efforts had been made, especially by myself, for the disposal of the Myers Manufacturing Company plant, having taken it up personally with V. L. Nye, of Canton, Ohio; F. E. Myers & Brothers of Ashland, Ohio; Whitman & Barnes of Chicago, also with Mr. Boyer himself."

(8) The only action taken by defendant-respondent company as to the notice was the bringing of a suit against Mr. Boyer, Plaintiff's president, (see pleadings R. p. 363) on Sept. 12, 1910, for $10,000 damage because of the publication of the notice of infringement above referred to, the complaint reciting that fact and stating that the Hubert A. Myers Manufacturing Company was actively engaged in the business of **manufacturing and selling hay cars.** Damage was asked because "plaintiff has been unable to sell said articles", the articles being hay cars. The complaint recites that "thereafter plaintiff had entered into an agreement with one Aaron Hartzler for the sale to him of **its manufactured hay cars** and letters patent therefor."

(9) Thereupon, in view of the positive assertion of right and in view of the fact that the manufacturing business had been admittedly continued during the manufacturing season, and repeated attempts had been made to sell the business of manufacturing hay cars, and the damage suit was brought at the beginning of the next season, the plaintiff, the Goshen Manufacturing Company, was certainly warranted in bringing suit for infringement. If the Hubert A. Myers Manufacturing Company was

really dead, it had all the characteristics of a very live corpse.

The record shows the contrary of the matters asserted in respondent's brief, and this statement of the facts is supported, strange as it may seem, by the statements of the decision of the Court of Appeals referred to in the brief for petitioner. Such matters, being sufficiently developed in the brief on behalf of petitioner, will not be dwelt upon here.

Respondent fails to state the facts. An injunction is warranted and the case under all the decisions is a case for equitable jurisdiction.

It is believed that this case is not conducted from eleemosynary motives on either side, and that, by proper urging on the part of counsel for respondent, the Commercial Committee of Warsaw or some one else will likely compensate counsel.

Respectfully submitted.

FRED L. CHAPPELL,
OTIS A. EARL,
Counsel for Petitioner.

Office Supreme Court
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Supreme Court of the United States

THE GOSHEN MANUFACTURING COMPANY,

vs.

HUBBAR A. MYERS MFG. CO. and HUBBAR A. MYERS,

No. 60
October Term
1915

BRIEF AGAINST THE PETITION

W. H. LOCKWOOD,
For Defendant Company.

Indianapolis, Indiana.

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Supreme Court of the United States

THE GOSHEN MANUFACTURING COMPANY,

vs.

HUBERT A. MYERS MFG. CO. and HUBERT A. MYERS.

No. 331.
October Term,
1915.

BRIEF AGAINST THE PETITION.

This is a suit for an *injunction* for infringement of a patent, filed October 3, 1910.

A moot question only seems to be involved, and love of litigation seems to have prompted this appeal, for the defendants were financially destroyed by complainant's notice of infringement, published first in the newspapers (Rec. 95), and their enterprise abandoned and entire equipment disposed of months before suit was brought. Hence, there was nothing *to enjoin*, as both courts have found, and nothing was left to litigate about, except that defendants had a patent left.

No defense to this appeal has been authorized, for there is nobody to pay for it. Members of the Commercial Committee of Warsaw, Indiana, who tried to help the town by taking stock in the Myer Company, were so outraged by the complainant bringing this suit after previously destroying the enterprise and causing

them to lose their money and after the defendants had long before complied with their notice, that they contributed to a meager defense in the lower courts. But they had lost too much money in the affair to warrant following complainant to the Supreme Court. In this appeal, I am receiving no pay for my services or expenses. However, having defended the suit heretofore, I feel it to be my professional duty to oppose, by brief at least (for I cannot afford to argue the case orally), the establishment by this court of the doctrine about injunctions contended for by appellant, which is believed to be vicious and revolutionary and will prove unduly harmful and harassing to the honest manufacturing and business interests of this country.

The defenses below were:

1. No ground for an injunction, as the alleged infringement was discontinued upon notice nearly a year before suit was brought.

2. Non-infringement.

3. Lack of novelty and invention.

The District Court dismissed the Bill of Complaint for want of equity, without a written opinion. This decision was affirmed in the Circuit Court of Appeals, see 215 Fed. 594, which held:

> "It is elementary that for infringement of a patent, as for any trespass, damages are recoverable by action at law; that, as this remedy is ordinarily adequate, a court of equity will not lend its aid to enjoin further infringement, unless such further infringement be either actually threatened or reasonably apprehended. *Kennicott Water*

Softener Co. v. Bain, 185 Fed. 520, 107 C. C. A. 626; *Chadeloid Co. v. Jackson,* 203 Fed. 993, 122 C. C. A. 293. As this court said in the Bain case, supra:

> "'The question is a question of fact, viz.: Assuming that the patent is valid, and that appellee had infringed, and that the infringement had ceased before the bill was filed, * * * did appellant, when the bill was filed, have any well-grounded apprehension that the infringement would be repeated?'"

After weighing the evidence, the Court also held:

> "The foregoing facts would seem to demonstrate clearly that as to defendant Myers since December, 1909, and as to defendant company since March, 1910, at the latest, no infringement of complainant's rights has been committed or threatened, and, but for three matters to be considered, none could reasonably be apprehended."

After considering said "three matters," the Court held:

> "Neither separately nor jointly, therefore, do the facts urged by complainant furnish a sufficient basis for any well grounded fear of further infringement; at best they would justify an apprehension that if, in some proper court proceeding, defendant's contentions should ultimately be upheld, it might then, and only then, not unlawfully however, but legally, resume the hay carrier business."

The Injunction.

The first important question is, *Was the Court required by law to grant an injunction,* in view of the

facts, even if the patent were valid and if the infringement had been abandoned upon notice months before the suit for injunction was filed.

Is a Court required to grant an injunction when, in the opinion of the Court, it is not needed,—when there is no reasonable apprehension of recurrence of the trespass?

"Is a trespasser liable to a suit for an injunction months after he ceased trespassing, in compliance with a notice to cease?"

Shall business men and manufacturing concerns, which, upon notice, actually cease infringement, be thereafter harassed by a suit for an injunction; and if brought, is not the *nisi prius* Court the best judge of the need of an injunction?

The district judge who had personal and immediate knowledge of the parties and facts found that an injunction was not necessary to protect complainant. His discretion was respected and affirmed by the Circuit Court of Appeals. *Is there any reason for this Court to disturb the exercise of discretion by the lower courts?*

The evidence shows that the defendant company's hay carriers made in 1908 and 1909 did not infringe the patent in suit; and, if they had done so, complainant had no right to sue for an injunction in October, 1910, for there was nothing to enjoin. The alleged infringement had been wholly and finally and intentionally abandoned and Myers, the only active man, had sold his interest and left the business because of the infringement notice, *nearly a year, and the factory equipment and materials disposed of eight months, before suit.* There was nothing done for months and nothing threatened—and complainant knew it before suit was brought. (See testi-

mony of Myers, Rec., pp. 91, 93), Peterson (Rec., p. 105) and Kinsey (Rec., p. 122.)

The lower courts have often held that the naked promise of a defendant not to continue to infringe would not relieve the Court from protecting the complainant by an injunction. (See post, p. 14.) But the lower courts have also held positively, and none has held otherwise, that where, before the bringing of the bill, the defendant had wholly and in good faith ceased to infringe, and particularly where the business and equipment for infringement had been sold and disposed of before the suit, an injunction was neither needed nor proper.

Odell v. Stout, 22 Fed. 159;
Kane v. Huggins Cracker & Candy Co., 42 Fed. 287;
General Elec. Co. v. New England Elec. Mfg. Co., 123 Fed. 310;
Crier v. Innes, 170 Fed. 324;
Kennicot v. Bain, 185 Fed. 520;
Chadcloid Co. v. Jackson, 203 Fed. 993;
Proctor v. Bailey, 42 Ch. D. 390.

Statement of Facts.

This suit was brought October 3, 1910.

Mr. Myers had a business in Goshen, Ind., in lawn swings and ladders, and had a new hay carrier which he thought did not infringe the patent sold by him to the Goshen Company. (Rec. 91-96.) The clutch of the new carrier was moved only by its own gravity; that of the old one was positively moved by the weight of the load.

In August, 1907, Myers found a partially equipped

factory at Warsaw, Ind., and proposed to the Warsaw Commercial Committee to move his business to that city. (Rec. 91, 106, 117.) Peterson, a lumber merchant of Warsaw, and Kinsey, a miller of Leesburg (Rec. 122), and one or two others were led to put money into it and they moved it to Warsaw, but these men continued in their lumber and milling business. They were told by Myers that he had designed a hay carrier for the Goshen Company, but that the new carrier did not infringe the patent on it. (Rec. 113-96.)

Myers at first managed the Warsaw factory and continued to make swings and ladders, and made 25 hay carriers in 1908 (Rec. 106-112), and 500 in 1909, but *stopped making them in August,* 1909 (Rec. 93-94), *and not one was ever made thereafter.*

Two hundred of these hay carriers had not been sold by August, 1909, but in September, 1909, were sold to a man named Dietrich, living in Ohio (Myers' XQ. 21, Def. Rec. 16), and they never did a thing afterwards except to let him assemble the parts of these 200 and ship them, the last going out in January or February, 1910. (Rec. 94-106.)

Boyer, owner and manager of the complainant company, had visited the Warsaw factory in the summer of 1908 (Rec. 107); also a salesman of that company made another visit in 1908, but they made no complaint. (Rec. 108.) The first notice of infringement was published in a Goshen newspaper. (Myers' Rec. 94). This was in October, 1909. The next day Boyer, Richardson and Forney, of the complainant company, visited the Warsaw factory and were shown through. (Rec. 95-108.) The next day formal notice of infringement was received.

Before the notice of infringement, the defendant

company had not intended to cease the further manufacture of hay carriers, but they had stopped for the season, and were trying to get in more capital. (Rec. 100, 106, 110.) But they were forced to abandon it by reason of the infringement notice. Negotiations were pending then with a Mr. Hartzler, and he was expected to put in money, but was frightened by the notice. (Rec. 110.) The bank for the same reason called in its loans (Myers' Rec. 100-106), and the company could go no further. V. L. Nye was frightened from buying the patent and cars (See Complaint in Suit in Elkhart Circuit Court.) *Myers became disgusted and left the business right away and in November, 1909, sold all his interest to the other men in the company and left Indiana* (Rec. 91-116), *and the company decided not to carry on the business any longer.* That decision was in December, 1909 (Rec., 117, 123, 100), and was in good faith and final. They finished assembling and shipping the few hay carriers which in September, 1909, they had sold to Dietrich, and this lasted till January or February of 1910 (Rec. 94-106), and they *sold the ladder and swing stock,* not involved in the infringement, *in March,* 1910. *Since that time they did no business—had no factory or business place.* (Rec. 107-108.)

Hence, complainant's notice of infringement stopped the manufacture of hay carriers, drove Myers out of the business, made it impossible to get capital into the business, and caused them to decide and actually stop the manufacture.

In February, 1910, after everything had been wound up and finished, so far as making and selling hay carriers was concerned, Mr. Peterson, the leading stockholder, called on Mr. Boyer twice and *"went over the Myers situation and stated to him that we were practi-*

cally dead as far as the manufacturing was concerned, as we had not turned a wheel since the previous September." (Rec. 109.)

This was positive notice, and it was admitted at the hearing that Mr. Boyer knew that the manufacture and sale of hay carriers had ceased long before this suit was brought. It is not true, as counsel thought, that defendant was making up hay carriers when Peterson notified Boyer. That had been done in the two or three months before and had been finished; that is, the Ohio man had assembled his hay carriers and taken them away before February, 1910.

In March, 1910, the lawn swing business and machinery, etc.,—everything but the Myers hay carrier patent was sold. (Rec. 107-108.) *They then had no place to do business, no machinery to do business with and nobody to do the business.*

The defendant had only the second Myers patent left, but *the ownership of a patent is not infringement* under the statute. Yet that is doubtless what irritated the complainant, as it probably thought that somebody might possibly buy that patent and go to manufacturing under it, *but that still would not amount to infringement.* The defendant has the right to own and to sell that patent to anybody, and they showed their good faith by going with it first to the complainant in February, 1910. (Rec. 109.) The record shows that the complainant's aim has been to destroy the value of that patent by discrediting it and claiming that the device therein shown infringes complainant's patent. This aim is an unlawful one and this suit was brought in pursuance of complainant's scheme to discredit defendants' patent so that it can not be sold by the defendant. The complainant, therefore, did the defendant a double injury. It not only, by its notice of

infringement, destroyed the business long before this suit was brought, but by bringing this suit, it has endeavored to destroy the salability of the patent for which there is no warrant in law.

The complaint in the suit in the Elkhart Circuit Court (Rec. 363), would seem to have no bearing upon this case. *But it sustains our contention about the business having been entirely abandoned long before complainant brought this infringement suit.* It is alleged in that complaint that a charge of infringement by the defendant was published in the Goshen papers in October, 1909. It further charged that the hay carriers which defendant had previously made, were not an infringement of the latter's patent and that the charge of infringement was malicious. Also it charged that by reason of such malicious publication of the charge of infringement *back in October*, 1909, the defendant in our case "was prevented from making a sale of its letters patents and manufactured hay carriers to one V. L. Nye, who had offered the sum of five thousand dollars therefor;" also that the complainant caused a copy of the newspapers in which the charge of infringement was published, to be sent to Nye, and that Nye refused, therefore, to purchase said hay carriers and said letters patents. It is further charged that the defendant in our case had entered into an agreement with Harzler to sell the same to him, but on account of said publication away back in October, 1909, he refused, and that complaint states that "the business has been entirely destroyed."

Every allegation in the complaint in the Elkhart suit is limited in point of time to October, 1909. *How, then, can it be claimed that that complaint about what occurred in October*, 1909, *showed an intention to manufacture or sell the hay carriers after October*, 1909? Not only is

there not a single word in that complaint showing an intention to manufacture or sell after October, 1909, but the only inference from the whole complaint, about the business of manufacturing and selling, was *that it had all been killed back in October, 1909. There is not a date or an allegation in the complaint later in point of time than October, 1909,* and that suit was brought on the ground that by a malicious publication this defendant could not sell its patent and hay carriers *in October, 1909.*

The business all ended, to all intent and purpose, in October, 1909, and after Dietrich took his stock out of the factory by February, 1910, nothing was ever done about manufacturing or selling. There was nothing to do it with, nobody to do it and Boyer was fully informed about it by Peterson. This suit, therefore, is not only a hardship, but a great wrong.

When sued under such circumstances, defendants had a right to set up any defenses desired and it is foolish to contend that the answer indicated an intention *to make and sell hay carriers.* In fact the answer expressly states the facts about ceasing the manufacture of hay carriers or hoisting devices and denies any determination to again make and sell them (Rec. 13.)

The Law About Injunctions.

It is an old rule of this court that the grant or refusal of an injunction, either temporary or permanent, rests in the sound discretion of the court under the circumstances of the particular case. *Buffingham v. Harvey,* 95 U. S. 99.

An injunction should issue only in a clear case; it is an extraordinary process and should be issued sparingly. *Irwin v. Dixion,* 9 How. 10.

An injunction will not issue for the correction of wrongs already perpetuated. *Northern Indiana R. Co. v. Michigan Central R. Co.*, 15 How. 232-242. *La-Cassagane v. Chapins*, 144 U. S. 119-124.

Equity has no jurisdiction in a suit for damages. *Ambler v. Choteau*, 107 U. S. 586-590, or where there is an adequate remedy at law. *Keyes v. Eureka Consol. Min. Co.*, 158 U. S. 150.

Jurisdiction in the case at bar can be based only on the right to an injunction and not on the right to an account of profits and damages. This doctrine has been long established by this court.

Root v. Railway Co., 105 U. S. 189-216;
Hayward v. Andrews, 106 U. S. 672-675.

The ground for an injunction is that the thing sought to be enjoined was being done or was actually threatened to be done at the time the suit was brought. High on Injunction, Sec. 23. That ground is lacking in this case.

High on Injunctions, Sec. 976, also states:

> "But where, in addition to a disclaimer by the defendant of an intention of again infringing plaintiff's patent, there is an absence of reasonable ground for believing that he will again do the act complained of, the injunction will be denied." Citing *Proctor v. Bayley*, 42 Ch. D. 390.

In *Odell v. Stout*, 22 Fed. 159, it was held by Justice Matthews and Judge Sage:

> "If a defendant has, before suit brought, abandoned the manufacture and sale of the infringing machine, and the Court is satisfied that the abandonment was in good faith and final, the injunction ought to be refused, upon the principles of equity applicable to injunctions."

In *Kane v. Huggins Cracker & Candy Co.*, 42 Fed. 287, the Court found:

> "As to the Huggins Cracker & Candy Co., the writ was refused for the reason that I am satisfied, on the showing now made, that some three months prior to the filing of the bill herein, this company sold and conveyed its stock, material, and plant to the American Biscuit & Mfg. Co., since which time it has not employed the patented device in question. As the office of the writ is to restrain an existing user, it will not be granted after the use has ceased. *Brammer v. Jones*, 3 Fish. Pat. Cases, 40."

In *General Electric Co. v. New England Electric Mfg. Co.*, 123 Fed. 310, the Court found that upon notice, and

> "before the bringing of the bill they (the defendants), had wholly and in good faith ceased to make, use or sell said patented receptacles and the invention of the Swan patent."

The Court further said:

> "If they had infringed, but had, after notice, stopped absolutely and in good faith from making, using or selling, and especially if they never intend to make, use or sell again, it is not easy to see how equity can be evoked to aid complainant. * * * This Court is satisfied that the abandonment is in good faith and final. Equity is vigilant and clear sighted and ready to perform each and every function at her command whenever occasion arises. In this matter, however, nothing is at present visible which incites her to action."

In *Crier v. Innes*, 170 Fed. 324, in the C. C. A. for the Second Circuit, the Court said:

> "But still an injunction is only granted to pre-

vent threatened injury. If it is clear that no injury is threatened, it should not issue.

The infringing monuments were made by the firms of Innes & Cruikshank. Cruikshank died before the commencement of the suit, and the defendant Marr is his administrator. An injunction can not run against the former, nor against the latter as administrator on account of his intestate's infringing act. The administrator threatens no wrong. Innes, the other partner, gave up the business of manufacturing monuments upon the death of Cruikshank, was not engaged in it at the commencement of the suit, and manufactured no infringing monuments after he was informed that the design was patented. There is nothing to indicate any intention upon his part to re-engage in business, and it is altogether improbable that, if he did, he would use this particular patented design. Under all the circumstances, it seems to us clear that Innes is neither threatening nor contemplating infringement. We can not see that an injunction against him would accomplish anything, is necessary for the protection of the complainant's rights, or would serve any useful purpose."

A case cited by the lower court and in point is *Kennicott v. Bain*, 185 Fed. Rep. 520 (U. S. C. C. A. 7th Cir.), where an injunction was refused because, after notice of infringement, the infringing machine was dismantled and a new non-infringing machine installed in its place and the business continued. But that case is not as strong as the case at bar, where the business was destroyed and wholly abandoned and the complainant informed of it many months before the bill was filed.

In *Chadeloid Co. v. Jackson*, 203 Fed. 993, the same doctrine was indorsed.

Complainant's Authorities.

The cases cited by complainant's counsel do not sustain their contention, but rather the decisions of the two courts below in the case at bar. Those cases will now be analyzed.

In *General Electric Co. v. New England Electric Co.*, 128 Fed. 738, the court stated, as appears in counsel's Brief herein, p. 16.

> "They ceased to sell, ***but continued to deliver infringing receptacles;*** and for aught that appears have continued to deliver and are now delivering said receptacles."

In *Morton Trust Co. v. Standard Steel Car Co.*, 177 Fed. 931, the court stated that the defendant did not dismantle the machine or abandon the infringement *until after the suit was filed.*

In *Johnson v. Foos Mfg. Co.*, 141 Fed. 73-79, the Court found:

> "It is immaterial that pending the litigation there has been no further infringement. They have never put upon the record their purpose not to duplicate the device which they did make, nor contradicted the evidence that they intended to continue to make and sell such devices. * * * The case is distinguishable from that of the *Globe-Wernicke Co. v. Brown & Besley*, 121 Fed. 91, in the fact that an intention to continue to make and sell the devices complained of was avowed before suit was brought, and is not disavowed upon the record."

In *Deere & Webber Co. v. Dowagiac Mfg. Co.*, 153 Fed. 177, the court found, as stated in counsel's brief here, p. 28:

> * * * "the possession of a large quantity of infringing machines admitted, and no satisfactory evidence was produced of the cessation to infringe for any considerable time before the beginning of the suit."

This is not similar to the case at bar. Of course, an injunction was proper there.

In *Evans v. Victor*, 204 Fed. 361, the court expressly found that an injunction was proper because of their "continuing trespass upon real estate and threats to continue to repeat them." This threat to repeat it was established by the statement for the defendants. That is not like the case at bar.

Archer v. Greenville Co., 233 U. S. 60, is stated by counsel to be "a case comparable with the case at bar." This was to enjoin continued trespassing in removing gravel from a river bed. It was tried on demurrer where the Court said:

> "We think the bill shows a continuing trespass."

And the Court stated that the bill of complaint alleged that one of the defendants was dredging the river over the protest of the plaintiff and delivering to the other defendant which was selling the same and has refused to cease dredging or make compensation therefor. There was no allegation in that complaint or evidence that the defendant had months before ceased trespassing, after notice, and had closed up and abandoned its business entirely, as in the case at bar.

On pages 22 to 24 of complainant's brief there is a large list of court decisions, *in every one of which the court found that there was a present trespass or a clear threat, intention or ability to trespass.* Counsel errs in saying that in these cases there was issued "an injunction under circumstances identical with those in the case at bar." Let us examine these (except those in Fed. Cases).

In *American Bell Telephone Co. v. Globe Telephone Co.*, 31 Fed. 729, the Court expressly found at the top of page 733:

> "The proofs establish satisfactorily that the instruments used in the office of the Globe Company are infringing instruments; and it is plain that the use of these instruments in the manner and for the purposes disclosed by the proofs (that is, demonstrating to their subscribers and to the public) is sufficient to authorize an injunction against the defendant."

In *Celluloid Co. v. Arlington Co.*, 34 Fed. 324, the Court expressly found (325):

> "It still continues in possession of all the contrivances and appliances to enable it to violate the patent, but promises not to use them for that purpose. This is a naked and unsupported promise."

In the case at bar the defendants for months had no contrivances and appliances with which to infringe the patent. The means for infringing had been disposed of in every particular.

In *Facer v. Midvale Co.*, 38 Fed. 231, the patent was held invalid and the bill dismissed.

In *Norton v. California Co.*, 45 Fed. 637, it does not appear that the infringement had ceased before the suit was brought.

In *White v. Walbridge*, 46 Fed. 526, it does not appear that the infringement ceased before the suit was brought and, of course, a promise afterwards not to infringe would be immaterial. The Court found:

> "The defendant has on hand and is making more lens-holder blanks, which can be completed into those that would infringe or those that would not, and has advertised that he would furnish those of the patent at reduced prices after the expiration of the patent."

In *California Works v. Henzel*, 48 Fed. 376, the Court found:

> "He still has on hand some of the burners capable of being used at any time; that he has published a catalogue, and still has it on hand for circulation, offering said burners to the public."

In *Winchester Co. v. American Buckle Co.*, 54 Fed. 705, the Court found that after the suit for infringement had been brought:

> "On July 3, 1889, the defendant sold its patents to the Peters Cartridge Co., of Ohio, and also thereupon secretly manufactured for it two full sets of the machines for making shells. * * * sent them to the factory of the purchasers in Kings Mills, Ohio, where they were set up by defendant's workmen. It also sent to the Peters Company, at the same time, its drawings and patterns of these machines."

Certainly infringement had not ceased in that case before suit was brought.

In *Sawyer Co. v. Turner*, 55 Fed. 979-981, the Court distinguished the facts in that case from *Kane v. Candy Co.*, 44 Fed. 287, as in the latter case the defendant "three months before the filing of the bill had sold out its plant and retired from business." All that the Court

holds in the Sawyer case is that the mere promise of the previous infringer is not sufficient, and that that is different from where they sold out the plant and retired from business, as in the case at bar.

Matthews Co. v. National Brass Works, 71 Fed. 518, the actual question was whether an unintentional infringement relieves the defendant from injunction and the Court held that it did not.

In *Bonsack Co. v. Underwood*, 73 Fed. 211, the Court found that the defendants' secretary and treasurer, Krise:

> "told him to go ahead, and said that when the machine was put upon the market his company would look into the matter of infringement; that whether it was an infringement could only be finally settled by a court."

Those facts made a clear case for an injunction.

In *New York Filter Co. v. Chemical Co.*, 93 Fed. 827, the Court found:

> "that defendant, a few days before this suit was instituted, and when the same was imminent, disconnected the infringing attachment, and informed complainant that it would no longer use the same. The fact appears that the infringing attachment in question can be easily disconnected from defendant's filter, and as readily connected again. The adaptability of the filter to such facile changes affords a constant temptation to defendant, as well as a constant menace to complainant. Under such circumstances it seems to me that the interests of both parties will be subserved by granting the application."

In *National Meter Co. v. Thomson Meter Co.*, 106 Fed 531, the Court found at the bottom of page 541:

"the evidence shows a threatened infringement," as the defendant had been making tests, patterns and castings and assembling parts and completed "six meters and placed them in stock, sufficiently to show an intention to infringe."

In *Chicago Pneumatic Co. v. Philadelphia Pneumatic Co.*, 118 Fed. 852, the Court found an infringing sale by the defendant and not a word is said about any cessation of infringement, defendant merely claiming there had been no sales within the district of the court house where suit was brought, and, therefore, the Court had no jurisdiction. The Court found to the contrary and, of course, an injunction was proper.

In *Cayuta Wheel Co. v. Kennedy Valve Co.*, 127 Fed. 355, the Court found that the defendant had not established that the infringement had been abandoned or was not further intended and distinguishes from *General Electric Co. v. New England Electric Mfg. Co.*, 123 Fed. 310.

In *Brookfield v. Elmer Glassworks*, 132 Fed. 312, on page 315 the Court found infringement by defendant in April, 1904, which must have been about the time of or after the suit was filed as the decision of the Court was on September 16, 1904. The Court merely held that the statement of defendant "that it does not intend to use" the machine which it had made does not relieve the Court from the duty of protecting the defendant.

In *General Electric Co. v. Bullock Electric Mfg. Co.*, 138 Fed. 412, a plea was filed stating that the infringement by the defendant had ceased only fifteen days before the suit was brought and it had leased its plant, etc., to another, but did not give the name of the lessee or further explanation. The Court held that the plea was not frank and was suspicious and may have been a

mere sham and pretense, and the Court could not rely upon the defendant's mere statement that it had no intention of further infringement.

In *Seeger Co. v. White Enamel Co.*, 178 Fed. 567, the defendant alleged that it had ceased making a form of the machine which had been held in another case to infringe, but had continued manufacturing a modified form which it claimed did not infringe. Under the allegations of the bill and since the patent had been sustained before, the Court granted a temporary injunction and properly. This does not decide our question.

In American Bank Co. v. City National Bank, 181 Fed. 375, it does not appear that the infringement was stopped before the suit was brought and the Court found that although it appears that "the defendant has discontinued for a time, the use of the devices protected by the patent," yet as it denies the validity of the patent "and did not expressly deny its purpose to continue or renew the use of the device," an injunction was granted. In that case the defendant continued in business and had the burglar alarm system installed in its premises which it could use any day.

In *Luten v. Dover Co.*, 189 Fed. 405, on demurrer, the Court held that a single act of infringement was sufficient to warrant injunction, which was, of course, true. There is nothing alleged in the bill or said by the Court about abandonment of the infringing business prior to the suit.

> "The bill does not present a case where the pleaded circumstances by necessary implication show that the infringement is at an end."

Therefore, the authorities hold the doctrine stated on page 5 of this brief.

The remainder of the brief is merely a reprint of the brief for defendant company in the court below.

ESTOPPEL.

Myers, for $600, sold his first hay carrier invention in 1906 to Boyer, who turned it over to the Goshen Company, of which he was practically the owner. (Rec. 75.) Myers did not sell him a patent already obtained so as to be bound by any meaning that might be given to the language of the claims by complainant. (*Siemens-Halske Electric Co. v. Duncan Electric Co.*, 143 Fed. 157.) The language of the claims is not his language. It is that of Boyer, for Boyer prosecuted the patent. (Rec. 79.) Boyer was an old patent man (Rec. 77), and he went to Kalamazoo and had his attorneys draw up and prosecute the applications. Boyer, not Myers, was consulted as to amendments. (Rec. 83.) So Boyer and the complainant are bound by the language of the claims—even more than Myers—and Myers had lawful right to govern his future conduct according to the language of the claims chosen by Boyer. Further, the patent issued with 25 claims. Infringement is charged as to only seven of them. If Boyer chose to ask for claims which are too broad in view of the prior art, the void claims would not bind Myers, for he did not sell the void claims. He

did not expect Boyer and his attorneys to get claims so broad as to be void. He contemplated a patent with only valid claims. Hence, Myers would have the right to question the validity of some of the claims in the patent.

The defendant company is even freer to construe and challenge the validity of some of the claims than Myers. For the lumberman Peterson and the miller Kinsey went into the business innocently and acted in good faith. They were not associated with Myers when he sold the patent in suit (Rec. 16), and they did not associate with Myers knowingly to aid him to defeat his grant to Boyer.

See *Miller v. Carroll*, 141 Fed. 992, where the Court held:

> "The assignor is estopped to deny the validity of the patent by reason of his grant, but this reason does not apply to those who have become associated with him in business since the grant. If they had no connection with him (meaning when the patent was sold), they could not be prevented from showing that the patent is invalid, in a suit
>
> for their alleged infringement of it, and this would be equally true, whether they knew of the assignment or were ignorant of it (when they started the alleged infringing business)."

Infringement.

1. All of the claims involved are limited to a hay carrier in which the load "actuates" or *positively* moves or forces the *clutch* into a position so its pawl will be engaged by a pin on the pulley upon its reverse movement; whereas in defendant's carrier only gravity moved the clutch. The difference is decisive of the case, although there are other differences in construction, as:

2. The pawl is pivoted on the clutch in complainant's carrier—but not in defendant's. It has an integral hook, which can not move independently of the clutch, as in the other. (Rec. 148.)

3. The clutch is pivoted at its ends on two pairs of links in complainant's device, but in defendant's carrier it slides in grooves in the sides of the casing. (Rec. 147.)

4. The clutch is returned by a spring in complainant's carrier, while in defendant's carrier a weight and the casing, which engages an arm of the link together, do that work. It is not the weight alone, so the weight is no equivalent of the spring. See other differences. (Rec. 97.)

Returning to the first and main distinction, we find that *the fact that the load positively actuates and forces the clutch into catching position with the pulley, is maintained by Boyer, Myers and the application and patent consistently throughout, and also by complainant's expert.*

Boyer testified (Rec. 80):

> "XQ. 31. In the Myers device which he invented, such as is illustrated in 'Complainant's

Exhibit No. 10, Myers' Original Device,' and 'Defendants' Exhibit A, Myers' Original Blue Prints,' did the load pulling down on the swivel bolt cause the lever 14 and the link 13 to push up on the lever 7 and move the clutch 9 down so that the pawl 10 would be in position to be engaged by a tooth on the pulley if the pulley started backward when the hoisting rope was slackened?"

Mr. Chappell: Objected to for the reason last above stated.

A. It does.

XQ. 32. Was that for the purpose of enabling the load to positively move or actuate the clutch into position for the pawl to catch a tooth of the pulley if the pulley should start backward?

A. It was.

XQ. 33. Positiveness of action, that is, an action directly by the load in bringing down the clutch so the pawl would catch a tooth on the pulley, and so there couldn't be any failure of the clutch to be moved into that position, was one of the main objects and advantages of the Myers invention, was it not?

A. It was."

Boyer also testified that his patent No. 876,935, prepared and filed at the same time, showed Myers' carrier accurately except the teeth on the pulley (Rec. 80), and

there the clutch is *forced* into position by the load.

Complainant's Exhibit 10 was put in to show what was sold, and while it shows an enlarged bolt hole, Myers says that was unintentional and due to crude work, as the device was intended and actually does work as above stated; that is, the load positively forces the clutch, although the enlarged bolt hole permits some play. (Rec. 99.) Myers also testifies:

"XQ. 36. Is 'Complainant's Exhibit No. 10' made, and was it intended, to operate in such manner that the weight of the load on the eye-bolt would, through intermediate mechanism, forcibly move the clutch into a position where the pawl will engage teeth on the wheel?

A. It was.

XQ. 37. Was that one of the main objects of your invention, and so understood between you and Mr. Boyer?

A. In Exhibit No. 10, it was my intention to force the clutch into position of operation by means of the weight of the load being applied upon the draft rope. There was no direct understanding between myself and Mr. Boyer as to the weight of the load forcing the clutch into operation.

XQ. 38. What he bought and you sold, as I understand it, then is a machine operating in accordance with the 'Complainant's Exhibit No. 10,' which you, at the time of your sale, used to express your idea or invention at that time?

A. Exactly.

XQ. 39. In claims 15, 16, 17, 18, 19, 14 and 25 of the patent in suit, No. 876,991, reference is made to the clutch being 'actuated' to bring the pawl into engagement with the pulley, or means for 'actuating' the clutch to bring the pawl into engagement with the pulley. State whether or not in that language and in those claims you meant means for positively forcing the clutch into a position to engage the pulley?

A. It was."

Myers also testifies about the differences between what he sold and what defendants afterwards made (Rec. 68):

"In Exhibit No. 10 (what he sold) the clutch is forced into actuation when the weight of the

> load is applied upon the draft rope. Exhibit No. 3 (defendant's main form), the clutch was allowed to drop into actuation by gravity when the weight of the load is applied upon the draft rope."

The first drawing made of the invention had no slot between parts 7 and 13. (See Defendant's Exhibit A.) This is the blue print of the drawing as retained in the attorney's files and at the time Myers signed the drawing (Rec. 79), and both Boyer and Myers say it correctly shows the invention intended. (Rec. 80.) From it the specification was written and they agree that the load forcibly actuating the clutch.

The patent in suit says, page —, lines 68 to 79, and lines 86 to 93:

> "In order that the clutch may be automatically *actuated* by the load, I provide a lever 14 which is pivoted at 15 and connected to the lever 7 by a suitable link 13. When this lever 14 is *forced* downwardly it *actuates* the lever 7, *throwing* the pawl 10 into engaging position with the pulley so that on the rearward movement of the pulley the clutch is drawn against the rope. The pulley itself serves as the other clamping member. Thus arranged, the greater the load the greater the clamping force of the clutch. * * * As soon as the rope 20 is carrying a load, the bolt is *drawn* downwardly, engaging the lever 14, and through the connection described, *actuates* the clutch by throwing it downwardly until the pawl 10 thereof is in position to engage the pulley."

On page 2, line 6, it says:

> "the weight of the load serving to *actuate* the clutch."

Claims 15 and 16 are limited to--

> "a movable member to which said rope is attached, *connected* to said clutch whereby the same is *actuated* to bring the pawl thereof into engagement with said pulley."

All of the other claims were so limited and construed by both examiner and attorney. (Rec. 131 to 138.) So defendant's expert truly says (Rec. 140):

> "(5) In the construction of defendant's first carrier and also in the construction of defendant's second hay carrier, the engagement of the pawl is not occasioned by the action of the weight of the load, but results from the gravity of the parts; that is to say, the pawl 7 falls because of its weight or gravity into position to be engaged by the pins or teeth on the pulley. The Patent Office especially provided against granting a claim broad enough to cover this action of the construction of defendant's first hay carrier and defendant's second hay carrier, and it was only after the claims 15 to 19, inclusive, of the patent in suit had been amended so as unmistakably to carry into them the provision that the load brings the clutch or brake shoe into position so that it shall be engaged by the teeth on the pulley, that such claims were allowed. All the claims contain this provision, as I have pointed out.
>
> (6) The construction of defendant's first hay carrier and defendant's second hay carrier, therefore, differ essentially from a patentable standpoint from the claims of the patent in suit referred to by you in that the pawl in such defendant's construction is carried into an engaging position by its weight, while in the construction of the patent in suit it is carried into such an engaging position by the action of the weight of the load. In the examination of the application for the patent in suit it was considered that all claims

> presented that would be broad enough to cover the construction of defendant's first hay carrier and defendant's second hay carrier were anticipated by the Batt and Bellair patents. The construction contemplated by the patent in suit and the claims thereof to which you have referred would be more positive and certain of action than in devices or constructions like that of defendant's said construction in that in the construction of the patent in suit the large force derived from the weight of the load would act to actuate the pawl and thus make its action more certain."

Prof. Cooley, complainant's expert, had also the same understanding of the patent. He says (Rec. 29):

> "At the same time the opposite end of the lever 14 rises carries with it link 13, *which swings the lever 7 about its* pivot C, and *causes* the clutch to descend," so that the clutch is automatically *thrown* into operation and out of operation *by the load.*" (See also Rec. 64.)

He admits that in defendant's carrier the clutch "drops" into the path of the teeth on the pulley.

LACK OF NOVELTY AND INVENTION.

As good a presentation of the above defense as can be made in this brief is found in the deposition of defendant's expert (Rec. 152), where the matter is considered directly, and consideration in connection with the expert's consideration of the file wrapper contents of the patent in suit (Rec. 128), and the patents therein mentioned (Rec. 133). The expert explains the Batt and Bellair patents (Rec. 134), the Batt patent showing the pawl or brake shoe and clutch member integral, and the

Bellair patent showing the pawl pivoted on one side of the clutch member, both working substantially like the patent in suit and for the same purpose.

On page 152 of the Record the following patents are considered: Van Sickle, Re. No. 7,681; Farrell, No. 471,308; Sockman, No. 473,093; Spragg, No. 349,538; Johnson & Scarborough, No. 717,410; Koorie, No. 809,815; and Robe..s, No. 811,440. The prior art shows the field pretty well worked before this invention, including the clamping of the rope and pulley by a ratchet and clutch and the weight of the load to actuate the clutch, and also the weight of the load has been used to release the pawl to cause it to engage the pulley.

Hence the Examiner's limitation of the claims to a device operating in the particular manner shown in the patent seems to be justified, and the Patent Office was over generous in granting what it did in view of the prior art.

CONCLUSION.

It is clear, therefore, that:

1. There is no convincing reason that the District Court abused its discretion in refusing an injunction, and manufacturers who actually stop infringing, upon receiving notice, should not thereafter be needlessly harassed by injunction suits.

2. The defendant's carrier utilized only gravity to set the clutch, while the claims in suit are all limited to

carriers wherein the clutch is "actuated" or positively forced into position by the load on the hoisting rope, and so there is no infringement.

3. The prior art shows hay carriers arranged and operating in substantially the same general way.

Hence the decree of the lower courts should be affirmed.

Respectfully submitted,

Counsel for Defendant Co.